

# MINUTES OF THE MEETING OF THE JOINT SUBCOMMITTEE ON PRICING

Vail, Colorado

Thursday, July 19, 2001, 8:00 am

Patrick DeCorla-Souza opened the meeting at about 8:00 am with introductions and passed around a sign up sheet for check in and update. The minutes of the January 2001 meeting were approved by voice vote.

## **Outreach Subcommittee Report**

Lee Munnich, chair of the outreach subcommittee, introduced the reports of four working groups organized during the subcommittee meeting at the TRB annual meeting in January 2001. The efforts of the four working groups were discussed at the Value Pricing Project Partners workshop held over the previous two days.

Bill Stockton reported on the development of a value pricing “glossary of terms” and responded to questions. Among the issues discussed was the term “value pricing” and the conflict between ITE’s definition and FHWA’s broader definition.

Kris Cella discussed research on public outreach materials collected from throughout the U.S., which will be made available through the Humphrey Institute’s web site [www.valuepricing.org](http://www.valuepricing.org) in the near future.

David Ungemah presented the results of research on the value pricing positions of transportation-related and other organizations. It was pointed out that the Value Pricing message must be tailored to the goals of each of the different organizations, and it would be best to have members of the various organizations who are on our Subcommittee present the message to the organization’s standing committees. It was decided that, by the January 2002 meeting, we should target at least six of the organizations identified in Ungemah’s report and to contact other organizations to the extent feasible to seek support for value pricing. Among the organizations identified as prime candidates were APTA, AASHTO, ARTBA, ATA, ACT, STPP, AAA, AMPO, ITE, the wireless communications industry, US Chamber of Commerce, and city and county organizations. Several people volunteered to contact organizations they are involved with. The subcommittee will report back on these organizational contacts at the TRB annual meeting next January.

There was a discussion of the “equity” concern expressed by some organizations, such as AAA. Some suggested that this issue was a “red herring” used by AAA to hide their real issue, which is “This is a first step towards tolling the entire system”. Jon Skolnik suggested that a research proposal be developed to address the equity issue, perhaps for NCHRP consideration. He will take the lead. Ed Regan suggested that we use public opinion surveys, which have already been done, to show that the public favors tolls over new taxes. Patrick suggested that we could propose a NCHRP synthesis effort to consolidate results from various surveys done across the US. Others suggested that we should use “choice” in the message to combat the equity issue. Adeel Lari also suggested that we address privacy in the message.

Chris Swenson reported the results of research on elected officials' responses and their approaches to value pricing. There are two dimensions to the equity issue – (1) unfairness to the disadvantaged and/or special privileges for the wealthy, and (2) unfairness because new tolls are “double taxation” and the roads have “already been paid for”. Several agreed that for political success, we must look at pricing in a broader regional context, with a *combination* of other strategies involving coalitions with various interest groups. We must provide a “big picture” solution. Pushing pricing alone as the goal is not wise. Pricing is a means to an end – we need to show its role in solving future urban problems. Lee Munnich said that we need a couple of political champions to get a project going. Chris Swenson said we need positive messages for elected officials to use, i.e., what are the benefits, e.g., choice.

Some suggestions for further outreach efforts were:

1. Put together a “How To” package for MPOs, based on our experience over the past 5 years.
2. A Power Point package for MPOs, i.e., the son of the “Buying Time” video.
3. Provide a copy of the “Buying Time” video to all MPOs.
4. Publicize success stories, using a one page flyer for each successful project.
5. Address “weaknesses” and the public opinion element.

Lee announced that the Humphrey web site was being updated, and work plans of projects funded under the Value Pricing Pilot Program will be available on it next month. It can be accessed at: [www.valuepricing.org](http://www.valuepricing.org)

### **Update from TRB staff**

Jon Williams discussed the 3 candidate locations for next summer's mid-year meeting. He did not have any dates yet. The 2003 mid-year meeting will be in Portland, OR.

Jon agreed to find a time slot for the *Outreach* Subcommittee meeting at the January 2002 TRB annual meeting, probably on Monday or Tuesday during lunch (same as January 2001). The Joint Pricing Subcommittee will get the usual Wednesday night time slot.

If our Subcommittee would like to get Committee status at TRB, we can put together a proposal, with help from Jon. We will need to discuss it with the three parent Committees of our Subcommittee. Patrick asked what the Subcommittee wished to do. It was decided that we should postpone any action for another year at least, since Jon has indicated that, in addition to a Poster Session, he will attempt to get us a Conference Session. Our Subcommittee can get additional conference sessions by working jointly with other related Committees to sponsor sessions. A request was made to the Chair to put Committee Status on the January agenda of the Subcommittee.

### **Joint TRB/OECD/FHWA/FDOT Conference**

Jon Williams announced that TRB, in co-operation with FHWA, the Organization for Economic Cooperation and Development (OECD) and Florida DOT, was planning an International Conference on Road Pricing in October or November 2002. The conference will be in Florida, and the registration cost will be about \$175 per person.

### **Plans for Next January's Meeting - Choice of Session Topics**

Jon Skolnik suggested a session on "Equity and Road Pricing". This could include data from public opinion survey results, and previous work done by University of Southern California, Gen Guilliano, and Portland, OR. A philosophical debate could follow. Ed Regan volunteered to talk about experience from Public Opinion surveys.

Lee Munnich proposed a session on "Political and Institutional Issues in Congestion Pricing" based on the results of the four outreach working groups.

Janusz Supernak proposed a session on "Congestion and Travel Behavior Impacts from Pricing". Presenters could discuss results from Lee County, San Diego, New York, etc.

All of the three proposals were endorsed by the Subcommittee. Jon Williams recommended that our Subcommittee work with one or more of our three parent committees, as well as other Committees such as the Public Involvement Committee, the Social and Economic Factors Committee, the HOV Systems Committee, and the TDM Committee, to get their help in co-sponsoring the sessions. The chances of getting a session approved are greater when more Committees can be convinced to be co-sponsors.

### **Updates from Related Committees**

A Benefit-Cost conference, sponsored by the Transportation Economics Committee, is in the planning stages. The Taxation and Finance Committee is sponsoring an Innovative Finance conference in 2002. The HOV Systems Committee is working with FHWA on a HOT Lanes Guide. The Committee has also formed a Managed Lanes Task Force.

### **Value Pricing Pilot Program Status Report**

Patrick DeCorla-Souza gave a brief update of the status of FY 2001 proposals. Over 20 proposals were received by the April 30 due date. Staff and an Interagency Review Group have completed their reviews. US DOT's Office of the Secretary is expected to make funding decisions soon.

### **Reauthorization Issues**

Lee Munnich summarized the results of a discussion of Reauthorization issues at the Project Partners forum held over the previous two days (see attached summary).

The Subcommittee adjourned at approximately 11:00 am.

# **Reauthorization of the Value Pricing Program: Summary of discussions at the 2001 Project Partner Forum Vail Colorado, July 17 and 18**

## **Summary**

The reauthorization discussion was grouped into 3 main sections:

- A large group introduction to reauthorization by Patrick DeCorla-Souza, FHWA Project Director, Lee Munnich of the Humphrey Institute, and Barb Rohde, Humphrey Institute research fellow
- Small group discussions led by Ken Buckeye, Minnesota Department of Transportation, Jim Bourgart of Parsons Brinckerhoff, Kiran Bhatt of KT Analytics, and Bill Stockton of the Texas Transportation Institute
- Presentation of small-group findings and a large group open discussion on reauthorization.

Possible reauthorization scenarios can be grouped into 4 main types:

- End the program
- Continue as it is (as a pilot program)
- “Mainstream” into other DOT programs
- “New initiative” focused on pricing.

Within each of these scenarios are many possible issues, for example:

- Funding level
- Whether only states can receive grants, or whether non-state governments or private organizations can sign agreements
- Scope of program; how broadly pricing should be defined

With these and other ideas as a starting point, the group divided into breakout sessions. The general results of these small group breakouts and the subsequent large group discussion follow.

## **General ideas about reauthorization**

- Reauthorization is not assured:
  - The program has been a “pilot” for 12 years, and another 6 may be difficult to justify
  - There is not unanimous support for value pricing in FHWA leadership. Many officials are either unfamiliar with or unsupportive of the program and its concepts.
  - A lack of clear Congressional champions may hurt us.
  - In the past the budget pie was expanding, that may not be the case in the future.
- The interstate toll exemption is a key element of this program (it allows tolls on currently free interstate highways). Some types of projects (e.g. HOT lanes) are now fairly standard and could potentially be mainstreamed if the interstate toll exemption were available outside of this program
- In general, though, the program is not ready to be mainstreamed. Many promising ideas remain unproven and often untested. Technology is changing and new ideas become possible.

## **What the program should include**

- The definition of Value Pricing should be broad. Non-facility pricing and other non-traditional ideas have great potential and should be funded. To keep a narrow focus on only HOT Lanes or facility pricing would be myopic.
- It is OK to fund proposals similar to already-funded projects, not every project must test a new idea. It is important to have success stories from many locations.

- We need to start thinking in terms of integrated systems rather than pricing as a stand-alone solution. Transit and other complementary alternatives should be built in explicitly rather than just assuming they will appear on their own.
- Likewise, equity effects should be considered explicitly, and safety nets built in where appropriate.
- We should investigate the possibility of allowing entities other than states to partner with the program (municipalities, private industry, non-profit associations, etc.). However, think about whether the objectives of these entities are the same as those of the value pricing program.
- There is a need for more research on the impacts and effectiveness of value pricing. This research should also be fundable through program grants.
- The program should be able to directly fund national outreach and marketing efforts – this should be expanded from its present level.

### Marketing the program

- We should be focused on outcomes: e.g. relief from congestion, more efficient travel. Make a clearer connection between value pricing and other goals such as air quality. One group suggested the 3Es of performance: Environment, Equity, and Efficiency. Emphasize that pricing is a component of an integrated policy to achieve these goals, along with transit and other means.
- We should consider re-naming or redefining the program to better reflect what it is, and what it is becoming, and so that it is more understandable to the general public.
  - Pricing is a way of getting projects done. The toll revenue can accelerate the completion of projects that otherwise would have waited years for their turn at funding.
  - Probably sooner rather than later we will need a replacement for the gas tax. The technologies and concepts being tested in this program will also get us ahead of the curve on this problem.
  - Focus on success stories – congress wants to see results.
  - But acknowledge our failures (equity, lack of alternatives) and learn from them.

### Broad policy objectives

- We need to develop active partnerships with other interest groups such as transit advocates, freight haulers, environmentalists, and private industry. We need a large tent to keep pricing vital, advance it in society, and form partnerships to increase our clout.
- An effort should be made to keep pricing at the forefront of discussions on all added capacity projects and in all long-range planning. Value pricing should be a standard part of every dialogue.
  - We need to think about modernizing toll collection more generally. When people think about tolls they think about delays at toll plazas. This is exactly the opposite of what value pricing is trying to accomplish.

### What project partners should do

- Project partners should be active in working with Congress and FHWA leadership to reauthorize the program. This work is best coordinated by a central group to ensure efficiency in effort.
- Project partners should be more active in helping each other on projects and overcoming roadblocks. We should be ready to go so far as to “parachute” into areas that need help, roll up the sleeves and get dirty.
- Project partners should be active in promoting value pricing to other transportation professionals and societies, members of Congress, other interest groups (transit advocates, freight haulers, environmentalists), the general public, and the media.